
By: **Senator Della**

Introduced and read first time: February 10, 2003

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Electric Utility Regulation - Standard Offer Service**

3 FOR the purpose of altering the date on which the obligation of an electric company to
4 provide standard offer service to residential and small commercial customers
5 ends; providing that the obligation of an electric company to provide certain
6 service to medium and large commercial customers and industrial customers
7 may end as specified in a certain agreement; specifying the rate for standard
8 offer service if a certain settlement agreement is in effect; specifying the rate for
9 standard offer service for any period in which a settlement agreement is not in
10 effect and until a certain date; altering the date in which the obligation of an
11 electric company to provide standard offer service is extended if the Public
12 Service Commission makes a certain finding; authorizing an electric company to
13 procure the electricity needed to satisfy the standard offer service obligation by
14 entering into certain long-term contracts; and generally relating to electric
15 utility regulation and standard offer service.

16 BY repealing and reenacting, with amendments,
17 Article - Public Utility Companies
18 Section 7-510(c)
19 Annotated Code of Maryland
20 (1998 Volume and 2002 Supplement)

21 BY repealing and reenacting, without amendments,
22 Article - Public Utility Companies
23 Section 7-510(e)
24 Annotated Code of Maryland
25 (1998 Volume and 2002 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
27 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Public Utility Companies**

2 7-510.

3 (c) (1) Beginning on the initial implementation date, an electric company's
4 obligation to provide electricity supply and electricity supply service is stated by this
5 subsection.

6 (2) Electricity supply purchased from a customer's electric company is
7 known as standard offer service. A customer is considered to have chosen the
8 standard offer service if the customer:

9 (i) is not allowed to choose an electricity supplier under the phase
10 in of customer choice in subsection (a) of this section;

11 (ii) contracts for electricity with an electricity supplier and it is not
12 delivered;

13 (iii) cannot arrange for electricity from an electricity supplier;

14 (iv) does not choose an electricity supplier;

15 (v) chooses the standard offer service; or

16 (vi) has been denied service or referred to the standard offer service
17 by an electricity supplier in accordance with § 7-507(e)(6) of this subtitle.

18 (3) (I) UNLESS CONTINUED UNDER SUBPARAGRAPH (II) OF THIS
19 PARAGRAPH, ANY OBLIGATION OF AN ELECTRIC COMPANY TO PROVIDE STANDARD
20 OFFER SERVICE TO MEDIUM AND LARGE COMMERCIAL CUSTOMERS AND
21 INDUSTRIAL CUSTOMERS SHALL END ON THE LATER OF:

22 1. JULY 1, 2003; OR

23 2. AS SPECIFIED IN A SETTLEMENT AGREEMENT UNDER §
24 7-505(D)(3) OF THIS SUBTITLE.

25 (II) AN ELECTRIC COOPERATIVE OR MUNICIPAL ELECTRIC UTILITY:

26 1. MAY CHOOSE TO CONTINUE PROVIDING STANDARD
27 OFFER SERVICE IN ITS DISTRIBUTION TERRITORY TO MEDIUM AND LARGE
28 COMMERCIAL CUSTOMERS AND INDUSTRIAL CUSTOMERS; AND

29 2. MAY END THAT SERVICE WITH AT LEAST 12 MONTHS'
30 PRIOR NOTICE TO THE COMMISSION.

31 (4) (I) UNLESS CONTINUED UNDER SUBPARAGRAPH (II) OF THIS
32 PARAGRAPH OR EXTENDED BY THE COMMISSION UNDER PARAGRAPH (5) OF THIS
33 SUBSECTION, ANY OBLIGATION OF AN ELECTRIC COMPANY TO PROVIDE STANDARD
34 OFFER SERVICE TO RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS SHALL END
35 ON THE LATER OF:

1 1. JANUARY 1, 2009; OR
2 2. AS SPECIFIED IN A SETTLEMENT AGREEMENT UNDER §
3 7-505(D)(3) OF THIS SUBTITLE.

4 (II) AN ELECTRIC COOPERATIVE OR MUNICIPAL ELECTRIC UTILITY:

5 1. MAY CHOOSE TO CONTINUE PROVIDING STANDARD
6 OFFER SERVICE IN ITS DISTRIBUTION TERRITORY TO RESIDENTIAL AND SMALL
7 COMMERCIAL CUSTOMERS; AND

8 2. MAY END SERVICE WITH AT LEAST 12 MONTHS' PRIOR
9 NOTICE TO THE COMMISSION.

10 (III) IF THE COMMISSION HAS APPROVED A SETTLEMENT
11 AGREEMENT UNDER § 7-505(D)(3) OF THIS SUBTITLE FOR AN ELECTRIC COMPANY,
12 THE ELECTRIC COMPANY SHALL PROVIDE STANDARD OFFER SERVICE AT THE RATE
13 SPECIFIED IN THE SETTLEMENT AGREEMENT DURING THE PERIOD THAT THE
14 SETTLEMENT AGREEMENT IS IN EFFECT.

15 (IV) FOR ANY PERIOD IN WHICH A SETTLEMENT AGREEMENT
16 UNDER § 7-505(D)(3) OF THIS SUBTITLE IS NOT IN EFFECT FOR AN ELECTRIC
17 COMPANY AND UNTIL JANUARY 1, 2009, THE ELECTRIC COMPANY SHALL PROVIDE
18 STANDARD OFFER SERVICE FOR THAT PERIOD AT A RATE DETERMINED BY THE
19 COMMISSION UNDER TITLE 4 OF THIS ARTICLE.

20 [(3)] (5) (I) Any obligation of an electric company to provide standard
21 offer service TO SMALL COMMERCIAL AND RESIDENTIAL CUSTOMERS shall [cease on
22 July 1, 2003, except that:

23 (i) electric cooperatives and municipal electric utilities may choose
24 to continue providing standard offer service in their respective distribution
25 territories, and may cease offering that service after notifying the Commission at
26 least 12 months in advance; and

27 (ii) 1.] BE EXTENDED BEYOND JANUARY 1, 2009, if the
28 Commission finds that the electricity supply market is not competitive or that no
29 acceptable competitive proposal has been received to supply electricity to those
30 customers described under paragraph (2) of this subsection[, the].

31 (II) THE Commission shall extend the obligation to provide
32 standard offer service to residential and small commercial customers at a market
33 price that permits recovery of the verifiable, prudently incurred costs to procure or
34 produce the electricity plus a reasonable return.

35 [2.] (III) The Commission shall reexamine the finding made
36 under this [subparagraph] PARAGRAPH at least annually.

37 [(4)] (6) On or before July 1, 2001, the Commission shall adopt
38 regulations or issue orders to establish procedures for the competitive selection of

1 electricity suppliers, including an affiliate of an electric company, to provide standard
2 offer service to customers of electric companies under paragraph (2) of this subsection,
3 except for customers of electric cooperatives and municipal electric utilities. Unless
4 [delayed by the Commission,] THE COMMISSION EXTENDS THE OBLIGATION OF
5 ELECTRIC COMPANIES TO PROVIDE STANDARD OFFER SERVICE, the competitive
6 selection shall take effect no later than [July 1, 2003] JANUARY 1, 2009.

7 [(5)] (7) An electric company may procure the electricity needed to meet
8 its standard offer service electricity supply obligation:

9 (I) from any electricity supplier, including an affiliate of the
10 electric company; AND

11 (II) BY ENTERING INTO A LONG-TERM CONTRACT WITH AN
12 ELECTRICITY SUPPLIER.

13 (e) The Commission shall, by regulation or order, adopt procedures to
14 implement this section, including the allocation of any unused opportunity for
15 customer choice among customer classes.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 July 1, 2003.